

**Growth Equity Fund Limited**

**Head Office**

7 King Street East  
Toronto, Ontario

**Custodian of Securities**

Toronto-Dominion Bank  
Toronto, Ontario

**Registrar and Transfer Agent**

Montreal Trust Company  
Toronto, Montreal, Winnipeg  
Vancouver, Halifax

**Legal Counsel**

Blackwell, Hilton, Treadgold & Spratt  
Toronto, Ontario

**Manager and Wholesale Distributor**

G.E.F. Management Limited  
Toronto, Ontario

Your G.E.F. Representative

**Statement of Income and Expense**

For the six months ended June 30, 1967

<b>INCOME:</b>	
Dividends .....	\$ 85,906
Interest .....	15,410
	<u>\$ 101,316</u>
<b>EXPENSE:</b>	
Management fees .....	\$ 24,010
Transfer agent's fees .....	7,500
Bank charges .....	750
Director's fees .....	325
Legal and audit .....	1,250
Reports to shareholders .....	2,400
	<u>\$ 36,235</u>
NET INCOME BEFORE TAXES..	\$ 65,081
TAXES ON INCOME.....	2,563
NET INCOME .....	<u>\$ 62,518</u>

**Statement of Source & Application of Funds**

For the six months ended June 30, 1967

<b>NET ASSETS,</b>	
December 31, 1966.....	\$ 8,422,081
Proceeds from the sale of Mutual Fund shares .....	849,649
Net income .....	62,518
Realized gain on sale of investments .....	337,937
Unrealized appreciation of investments .....	1,727,037
	<u>\$11,399,222</u>

Less:

Cost of Mutual Fund shares redeemed .....	\$ 1,661,069
Dividend paid — 3 cents per share.....	48,911
	<u>\$ 1,709,980</u>

**NET ASSETS, June 30, 1967...**

\$ 9,689,242

The statements of income and expense and source of application of funds do not include figures for the preceding year, as they are not directly comparable due to the continuous issuing of additional shares.

**Objective**

The objective of the Fund is the attainment of above average capital appreciation and income growth through selected investments in Canadian (and from time to time, American and other foreign) growth securities. Diversification "across the board" will be avoided.

**Exchange Privileges**

Shareholders may exchange their shares of G.E.F. for shares of American Growth Fund Limited, European Growth Fund Limited or Canadian Truusted Income Fund without sales charge, subject only to a nominal administration fee.

**Management**

The Fund is managed by G.E.F. Management Limited, a subsidiary of A.G.F. Management Limited, whose officers and personnel are also officers and personnel of Fry Investment Management Limited, prominent Canadian investment counsel. This Company has had over twenty-five years experience in managing the portfolios of individuals, corporations and institutions.

Assisting the Manager is a Board of Directors of well-known industrial executives and an American Advisory Committee and European Advisory Group of internationally known investment research specialists and Bankers.

**Dividends**

The Fund will declare, semi-annually, dividends representing substantially all the net annual cash income. The amount of the dividends will be credited to the individual shareholder's account with the Montreal Trust Company and will be invested automatically in shares of the Fund at the current net asset value.

**Income Tax**

Dividends, while not received in cash, are taxable income of the shareholder. Annual notices of the taxable income attributed to shareholders will be sent out by the Montreal Trust Company. Resident Canadian shareholders of the Fund are entitled to a tax credit of 20% with regard to the net dividends received from the Fund, as permitted by the Income Tax Act, Canada.

**Marketability**

Shares of the Fund may be redeemed at any time on application at 100% of their net asset value.

**Safe Custody**

The securities and cash of the Fund are held by the Toronto-Dominion Bank.

# GROWTH EQUITY FUND

*Limited*

*Fell*

## Eighth Quarterly Report

June 30, 1967





Portfolio as at June 30, 1967

To the Shareholders

We are pleased to present your Fund's Eighth Quarterly Report for the period ended June 30, 1967. The total assets of the Fund at that date stood at \$9,704,076 and the net asset value per share was \$5.93 as against \$5.29 three months earlier: an increase of 12.1 per cent.

Your Directors have declared a dividend of 3 cents per share, payable July 17, 1967 to shareholders of record June 23. This dividend is the same amount paid as the interim dividend in 1966. All dividends are reinvested in shares of your Fund at net asset value.

The fear of a recession in the Canadian and U.S. economies has greatly faded and the outlook now is for a significant upturn in the private sectors of these economies commencing late in 1967. The stimulus to the American economy remains through the public sector due to the huge deficit expected in 1967 caused primarily by expenditures to finance the Viet Nam war.

While consumer spending is expected to turn upward over the next twelve to eighteen months, corporate profits are being squeezed. Labour costs are rising and the North American economies are producing at substantially under optimum capacity. In this economic environment, it is vitally important to be selective in choosing investments. Growth Equity Fund's policy has been to concentrate in the attractive industries. The benefit of this policy is shown in the comparison below of your Fund with the U.S. and Canadian markets since the low on October 7, 1966 to June 30, 1967:

Growth Equity Fund	-	-	-	-	+43.6%
Toronto Stock Exchange Industrials	-	-	-	-	+20.1%
Dow-Jones Industrials	-	-	-	-	+15.6%

The recent war in the Middle East has caused many disturbing political and economic effects. However, your Fund has taken this opportunity to greatly increase its investments in Western Canadian oil and gas securities. The disturbances in the Middle East, and the rising costs of discovering reserves in the U.S. must inevitably lead to greater Canadian exports to the U.S. Real growth opportunities exist and your Fund will continue to search out the most attractive areas of investment and to concentrate in these areas to achieve superior performance.

W. A. Manford  
President

July 7, 1967

Number of Shares	Market Value
Aluminium (5.9%)	
18,000 Alcan Aluminium Limited	\$ 537,750
9,000 Cdn. British Aluminium A Wts. ...	13,500
11,000 Cdn. British Aluminium B Wts. ...	16,500
	\$ 567,750
Automobile & Accessories (5.2%)	
25,000 Levy Industries	\$ 506,250
Electronics (11.0%)	
2,040 General Instruments	\$ 148,948
10,000 International Rectifier	302,313
25,000 Magna Electronics	475,000
2,300 U.S. Radium	142,168
	\$1,068,429
Financial (6.1%)	
5,000 Canadian Imperial Bank of Commerce	\$ 330,625
19,750 Toronto-Dominion Bank	259,219
	\$ 589,844
Oil and Gas (23.6%)	
4,000 Home Oil "A"	\$ 83,000
40,000 Husky Oil (common)	675,000
28,100 Husky Oil D. Wts. ...	203,725
5,000 Jefferson Lake B. Wts.	146,250

Number of Shares	Market Value
14,000 Murphy Oil	
5.75 Conv. Pfd. ....	378,000
4,120 Occidental Petroleum	269,679
40,200 Shell Wts. ....	442,200
4,000 Supertest Petroleum	88,500
	\$2,286,354
Recreation (12.8%)	
11,330 Berkeley Photo	\$ 498,489
1,500 Polaroid Corp. ....	325,930
4,000 Technicolor Inc. ....	118,226
9,900 Warner Bros. ....	300,626
	\$1,243,271
Textiles (2.7%)	
10,000 Koret of California	\$ 259,125
Uranium (8.2%)	
29,500 Preston Mines	\$ 586,313
6,900 Roman Corporation	141,450
2,000 Susquehanna Corp. ..	62,082
	\$ 789,845
Miscellaneous (20.0%)	
4,000 Glen Falls Insurance	\$ 193,264
10,000 Maclean-Hunter Publishing	507,500
17,300 Rothmans Pall Mall	473,587
5,000 Sperry Rand	156,368
8,000 Velcro Industries	568,000
	\$1,938,719

Portfolio Changes  
as at March 16, 1967 to June 30, 1967

PURCHASES

Number of Shares	
3,000 Canadian Imperial Bank of Commerce	
4,000 Glens Falls Insurance	
2,000 General Instruments	
8,100 Husky "D" Wts.	
25,000 Magna Electronics	
6,900 Roman Corp.	
15,200 Shell Wts.	
4,000 Supertest Petroleum	
2,000 Susquehanna Corp.	
4,000 Technicolor Inc.	
950 Toronto-Dominion Bank	
5,000 U.S. Radium	
9,900 Warner Bros.	

SALES

6,000 American Airlines	
13,500 Asbestos Corp.	
25,000 Kelsey-Hayes	
8,000 L.T.V. Aerospace	
1,000 Murphy Oil	
21,000 Northgate Explorations	
4,000 Noranda Mines	
4,000 United Nuclear	
2,700 U.S. Radium	
1,000 Velcro Industries	
2,000 Zenith Radio	

Summary of Net Assets

	\$	%
Common Shares and Warrants — Canadian	\$6,054,369	62.5
Preferred Shares — Canadian	378,000	3.9
Common Shares — U.S.	2,817,218	29.1
Cash and Short Term Deposits	439,655	4.5
	\$9,689,242	100.0
Net Asset Value per Share	\$ 5.93	